

STORM OF CRITICISM FOR NEW NAVY POLICY

Daniels's Rule That Promotion
Shall Depend on Sea Service
Assailed.

CAPTAIN POTTS A VICTIM

Efficiency of Ordnance and En-
gineering Work Said To
Be Impaired by the
New Order.

[From The Tribune Bureau.]
Washington, July 8.—There is said to be grave danger that the efficiency of numerous special services in the navy, such as ordnance, engineering and the like, will be sadly impaired by the recently adopted policy of the Secretary of the Navy that sea service shall be the sole basis upon which an officer's promotion shall depend.

The most notable example of the operation of this new policy is found in the office of Captain T. M. Potts, whose promotion to the grade of rear admiral was held up because he had not had sufficient sea duty to meet the requirements of Mr. Daniels. In the mean time, while the matter of Captain Potts's promotion was being held in abeyance, he was involuntarily retired.

During the last few days Secretary Daniels has held up the promotions of other officers. One of these is Lieutenant George E. Lake, until recently attached to the American Embassy in Tokyo, whither he was sent to study Japanese. Another is Ensign Harold W. Boynton, who has become a specialist in marine and electrical engineering.

Lieutenant Lake is due for promotion from lieutenant, junior grade, to full lieutenant. Ensign Boynton should become a junior lieutenant at this time, but the promotions of both have been held up because under the new ruling of the Navy Department they have not had sufficient sea duty in their present grades to qualify them for duty in the grade to which they should be promoted.

New Policy Criticized.

There is much talk and criticism of the new policy. It is said to be eminently unfair to those who are directly affected, in that their promotions are delayed through no fault of their own, but because of orders received from the department, and which they were compelled to obey, and is also regarded as dangerous to the efficiency of the navy. Lieutenant Lake, it is said here, was sent to Tokyo to learn the Japanese language not at his own request, nor through any political "pull," but because the department, carrying out a policy of having certain naval officers acquire foreign languages, decided that he was a good man for the place.

The case of Ensign Boynton seems even more severe. Through his efficiency and high standing as a midshipman he was selected to take a course in engineering course of two years. He was then sent to Harvard by the Navy Department for an additional course in marine and electrical engineering. After he had finished there he was brought to Washington to install the new wireless plant at Arlington, the biggest wireless installation in America. Now he is ready for promotion, but cannot have it because of the new Daniels policy.

It is declared that this policy puts a premium on mediocrity and a quietus on specialization in certain lines. This has already been shown in the lack of applications for details to some of the special corps, such as ordnance and engineering. Officers naturally figure that if going into these special branches will mean retarded promotion it is better for them to stay out.

Ordnance Staff Affected.

In the special ordnance staff the effect of the new order of things has already shown itself. Formerly there were many applications for service in this corps. Now there are none. Some officers, in fact, have withdrawn applications already made.

It has been the custom for the department to select from the applications a certain number of exceptionally qualified men for the special corps. Naval officers say that too much importance cannot be attached to the necessity of specializing in this line. The ordnance officers handle the explosives, and their work requires training and technical knowledge of a high order.

Until now it has been possible to get the very best of the younger officers to go into this work. Under the new arrangement it is said that it will probably be necessary for the department to order men to the duty for which there have heretofore been many voluntary applications. Good men, it is pointed out, will not be obtained in this way, but there is no longer any encouragement of the specialization which is so highly desirable in this and other lines.

There is considerable indignation, officially unvoiced, over this new policy,

particularly where it is made to affect men who are just now coming up for promotion and who have been in no way responsible for their lack of sea service. They and their friends call it ex post facto legislation.

POTTS GETS HIS RECORD

Calls at Navy Department for It
and May Take Action.

[From The Tribune Bureau.]
Washington, July 8.—Captain Templin M. Potts, involuntarily retired from the navy by the "plucking board," called at



CAPTAIN TEMPLIN M. POTTS.

the Navy Department to-day for the first time since his sudden retirement from the active list and asked for a copy of his record as a naval officer. He got it and left, saying that he had nothing to say.

The fact that he called for his record is taken to indicate beyond doubt that Captain Potts is contemplating action. What his fight will be is not known. It seems, however, that his only recourse is a Congress investigation, and it is considered doubtful if this would help him. Captain Potts's friends say that it was not his fault that he did not get enough sea service to meet the requirements of the new administration in the Navy Department before getting his promotion. They say that when Captain Potts's tour as chief intelligence officer expired, early in 1912, he suggested to the then Secretary of the Navy, George von L. Meyer, that he was about due for sea duty. Secretary Meyer refused to let him go. Instead he made him aid for personnel, a position of great responsibility as well as power.

'PHONE INQUIRY COMPLETE

Bell Interests May Face Civil
Anti-Trust Suit.

Washington, July 8.—Attorney General McReynolds has practically finished his investigation of the telephone situation on the Pacific Coast, and will determine shortly whether the government shall prosecute the Bell interests on charges of attempting to monopolize the long distance telephone business of independent in Washington, California and other far Western states.

C. J. Smyth, ex-Attorney General of Nebraska and special assistant to Mr. McReynolds, has reported to the Attorney General the results of an extensive investigation he has made of the situation. Protests have been received by the Department of Justice from independent and much evidence was collected by a grand jury inquiry at Seattle some months ago. As the grand jury did not return indictments, it is believed that if the government acts it will be through a civil anti-trust suit.

IN PERIL IN HELL GATE

Twelve Hundred Excursionists
in Panic on Drifting Barge.

The lives of twelve hundred persons, mostly women and children from the Protestant Episcopal Church of the Ascension, Kent and Manhattan avenues, Brooklyn, were imperiled yesterday afternoon while passing through Hell Gate on an excursion barge. The barge was in tow of a tug that became unmanageable in attempting to swing out of the way of the Sound steamer Massachusetts. Owing to the strong tide it narrowly missed crashing into several barges and other river craft.

The captain of the tug was helpless as his boat was carried in the direction of Blackwell's Island. The barge swung around in front of the tug. A government dredge, anchored off the foot of Sherman street, pulled out in time to avert a crash. Then a current carried the barge toward a dangerous shoal off Blackwell's Island, but several tugs came to her rescue, and she was towed to one of the docks. Later she continued her trip up the Sound.

MORSE METHODS MAY HAVE WRECKED BANKS

Pittsburgh Disclosures Expected
to Parallel Exploits of
High Finance.

M'ADOO PREPARING TO ACT

Treasury Department Inquiry
To Be Thorough—Losses of
First-Second Bank May
Reach \$5,500,000.

[From The Tribune Bureau.]
Washington, July 8.—Disclosures of a startling nature, unfolding a system of financing akin to the Morse exploits in high finance, will develop from the rigid investigation of the causes of the crash of the First-Second National Bank of Pittsburgh, if the suspicions of the Treasury Department officials are justified. The Secretary of the Treasury is disinclined to discuss the circumstances attending the failure of the bank, involving indirectly, if not directly, a score of other organizations, but admits that the inquiry of the department, supplemented by an investigation by Department of Justice operatives, will take a wide range. He said to-day that it was evident that credit had been strained and that the paper of Kuhn corporations is an important factor in the investigation.

Asked about the criminal liability for already exposed irregularities and discrepancies in the statements setting forth the financial status of the failed bank, Secretary McAdoo said significantly: "It is never well to hunt criminals with a bass drum."

To Make Searching Inquiry.

Mr. McAdoo intimated that the investigation will be conducted quietly, but with great vigor and thoroughness. Every angle of the Kuhn transactions, involving the activities of the American Water Works and Guarantee Company and the interests of the Kuhn in other financial institutions, will be subjected to searching inquiry.

Attorney General McReynolds late to-day said that the usual course would be to refer the questions first to the local United States Attorney and ultimately to the Attorney General.

The activities of the J. S. & W. S. Kuhn, Inc., which is the title of the Kuhn interests, in the public utility field, such as the promotion of waterworks corporations and the floating obligation regarded as particularly important by Secretary McAdoo. It was stated by Mr. McAdoo that he has not yet received any definite report as to the probable amount of Kuhn collateral held by the failed bank and the First National Bank of McKeesport, which has also closed its doors, but that this will be investigated.

John Skelton Williams, assistant Secretary of the Treasury, to-day returned from Pittsburgh, and reported that the bank had been "seriously mismanaged," necessitating a reference of the conditions to the Department of Justice. Treasury officials emphasized the belief that the closing of the First-Second Bank actually had improved conditions in Pittsburgh by removing a doubtful element from the financial system.

The latest reports to the Treasury Department indicate that the losses of the First-Second may reach \$5,500,000, because the entire capital and surplus of the bank now seem to have been wiped out. These advances were accompanied by assurances from officers of the bank that the depositors, whose claims total about \$3,000,000, probably would be paid in full or nearly in full through realization on the bank's assets.

It developed to-day that the Treasury Department yesterday offered the solvent Pittsburgh banks \$5,000,000 of government deposits to meet any emergency, but the offer was declined because the banks were in a position to meet the situation.

Bank Statement Given Out.

The following statement of the condition of the bank at the close of business on Saturday, July 5, according to the bank's books, was given out by Secretary McAdoo this afternoon:

RESOURCES.	
Loans and discounts	\$16,867,396.63
Overdrafts	372,811.96
United States bonds	1,961.25
Payables on United States bonds	2,087,000.00
Deposits	40,121.26
Securities, etc.	5,867,662.50
Furniture and fixtures	2,867,165.68
Other real estate	176,725.04
Accrued interest on bonds	1,523,377.65
Due from other banks	57,966.90
Due from other national banks	2,163,119.19
Due from state banks, trust companies and foreign exchange, including transit and coupon accounts	979,651.72
Legal reserve	1,247,458.60
Cash to be deducted in computing reserve	1,584,429.00
Other assets	1,182,149.54
United States Treasury	141,000.00
Expenses	240,171.73
Total	\$36,931,874.83
LIABILITIES.	
Capital stock	\$5,000,000.00
Surplus fund	1,700,000.00
Undivided profits	297,500.00
Earnings	332,981.95
Reserve for taxes	21.40
Due to banks	12,916,111.37
Dividends unpaid	1,313.50
Deposits	15,675,000.00
United States deposits	151,000.00
Postal savings deposits	11,297.64
Circulation	1,865,600.00
Bills payable	1,000,000.00
Cash over	900.30
Due to reserve agents	193,831.10
Total	\$36,931,874.83

Officials now are giving particular attention to the discrepancy between the sworn report of the bank to the Controller of the Currency on June 4 and the financial statement it published in the Pittsburgh newspapers. The report to the Controller showed nearly \$2,000,000 in redemptions or borrowed money, but that item was omitted from the published statement. The national bank act requires the publication of the statement in the form submitted to the Controller.

HELD AS A JEWEL THIEF

Drug Store Employee Charged With
Burglary of 37th Street Store.

A man who said he was Louis Villano, twenty-one years old, of No. 54 Broadway, was arrested last night while he was serving soda water behind the counter in a drug store at Macdougal street and West 34 street and charged with the burglary of the office of Albert James, a novelty jeweller, at No. 6 West 37th street, May 12.

According to the police, detectives found jeweled combs and silverware, valued at \$300, in a pawnshop in Macdougal street, which was identified as the property stolen from James. The pawnbroker described the man who had left the articles with him, and Villano was arrested.

LINER INJURED ON WAY HERE.

Marseilles, July 8.—Owing to a breakdown in her engines, the steamship Germania, of the Fabre Line, has been compelled to put into Algiers for repairs, delaying her voyage from Naples to New York.

HERBERT JOHNS AND ALICE CRISPELL.



JEALOUSY MOTIVE FOR GIRL'S MURDER

Continued from first page.

close, hoping to hear from you soon, for a fellow who will never forget you, but the girl has forgotten me. Well, be good now and I will be the same. Best regards, from

"HERBERT JOHNS."

"P. S.—Answer soon, darling." Coroner Morley heard to-day from some friends of the girl that she had told them that after July 5 she expected to be Mrs. Herbert Johns.

The state police and the Coroner appear to be working along different lines. Coroner Morley says that his case is about as complete as circumstantial evidence can make it. The only thing he desires is to find some person who saw Miss Crispell thrown into the lake. A man wearing a gray suit was seen coming from the direction of "Lovers' Lane" just after the cries of a woman were heard.

Members of the state police are working upon two theories. One is that Miss Crispell committed suicide following the rejection of some proposal made by her to some man and which was refused. The other is that some jealous rival of Herbert Johns threw the young woman into the water and left her to her fate. Dr. Huggins refuses to say whether the autopsy shows that Miss Crispell was dead when her body was thrown into the water or whether she died from drowning.

The movements of Miss Crispell and Herbert Johns on July 4 are easy to trace. Almost all day they were on Harvey's Lake in company with other young people. She was last seen alive at 11 o'clock that night. About half an hour later Mrs. S. T. Nicholson and Mrs. F. J. Weckesser heard the shrill cries of a woman. "Don't do that! Oh, don't!" came across the stretch of water. Then all was silent. There was no splash.

PITTSBURGH REGAINING FINANCIAL CONFIDENCE

Clearing House Declines Offers
of Assistance and Run
on Bank Abates.

Pittsburgh, July 8.—To the decisive statement of Secretary of the Treasury McAdoo, issued last night, is attributed the restoration of almost normal conditions in financial Pittsburgh to-night, despite the closing yesterday of the doors of the First-Second National Bank, an institution that had been accredited one of the strongest in the country. While the situation was tense in the financial world yesterday, the flat statement of facts of the Secretary served to develop an overnight optimism that grew in magnitude as to-day advanced.

The closing of the First-Second was naturally followed by suspension of its affiliated bank, the First National of McKeesport, and the appointment of receiverships for the banking house of J. S. and W. S. Kuhn, Inc., whose principals were the majority stockholders of both institutions, and a like action with the American Waterworks and Guarantee Company, an enterprise fathered by the Kuhn interests.

Another Kuhn interest that was affected, the Pittsburgh Bank for Savings, suffered somewhat from the complication, a run being started on it yesterday, chiefly by small depositors. This was continued in somewhat greater magnitude early to-day, but it appeared to abate as the day wore on. The bank sidewalk was roped off and mounted police maintained order.

Yesterday \$3,000 was withdrawn from the bank, while the deposits were \$20,000. To-day's figures were not obtainable, but it is said the withdrawals were under yesterday's figures.

There were reports that \$1,000,000 had been shipped to the Pittsburgh Bank for Savings to-day from Philadelphia, but this was not verified, and was discredited by clearing house members who verify the statement of the bank made yesterday that this bank has \$6,000,000 in cash, and \$6,000,000 in quick assets, enabling it to meet any stress or emergency.

About noon the announcement was made that J. S. Kuhn, the president, and W. S. Kuhn, the vice-president, had resigned, and that W. J. Jones, the former secretary and treasurer of the bank

had been made president, with A. N. Voegtli, former assistant to Mr. Jones, as secretary and treasurer, while L. M. Plummer, a director, was made vice-president.

So secure did the members of the clearing house feel in the stability of conditions generally that a meeting that had been scheduled for this afternoon, to consider the financial situation generally, was called off, and offers of assistance from New York, Chicago and St. Louis were refused.

U. S. WINS THREE CLAIMS

Loses Only One Before American-British Arbitrators.

Washington, July 8.—The United States won three out of the first four cases to be decided by the American and British claims tribunal, which recently completed its first sessions at Washington and Ottawa, Canada. These cases involved four of the numerous claims against the two governments which their respective legislative bodies were unable to adjust. Some of the claims date back many years, and to settle them finally the arbitration court was established by treaty. The next session will be held here in March, 1914.

The most important point decided in favor of the United States was involved in the claim of William Hardman, a British subject, who lost property at Siboney, Cuba, when that town was destroyed by American troops during the Spanish-American War. The court held that the destruction of Hardman's property, along with the town, was a necessity of war, but recommended that Congress give the claimant some consideration.

The court refused to allow claims against the United States for the payment of crown dues of \$4 per thousand feet on timber purchased by the War Department from a contractor for the building of a fort in Alaska and for compensation for the use of a steamer for the transportation of coal for the Navy Department.

A British claimant was awarded demurrage, amounting to about \$50, on account of a collision between the British steamer Lindisfarne and the United States army transport Crook in New York Harbor.

NEAR FIST FIGHT IN CURRENCY CONFERENCE

Democratic Members of House
Committee Almost Come to
Blows at Secret Session.

CHAIRMAN GLASS ASSAILED

Serious Discord Jeopardizes the
Success of the Administra-
tion's Measure—Open
Sessions Hereafter.

[From The Tribune Bureau.]
Washington, July 8.—Discord of a most serious nature to-day took possession of the secret conference of the Democratic members of the House Banking and Currency Committee, almost resulting in a fist fight between two members and jeopardizing the success of the administration currency bill. So constant was the bickering of the four-hour conference of the committee that practically no progress was made on the bill, and but twenty-two lines of the measure were read.

Chairman Glass, visibly angry, declined to see newspaper men after the meeting. He tersely said that for "certain personal reasons" he had to refuse to discuss in any way what had happened. Other majority members of the committee left the room under a pledge of secrecy, and but fragmentary reports of the row behind the closed doors could be obtained to-night.

That there was an utter lack of harmony at the conference is not denied. In fact the Democrats of the Banking and Currency Committee are now so widely split over currency reform that personalities are being brought into play, and it is apparent that President Wilson and Representative Underwood, the House floor leader, must be relied upon to restore comparative harmony. It is regretted in Democratic circles that both have been absent from the city. The President will return Thursday, and Mr. Underwood may be back to-morrow in time to step into the widening breach.

Chairman Glass, it was learned, was assailed at the conference to-day because of certain published "leaks" concerning the deliberations of the majority members. Several of the new members of the committee are said to have resented published statements that they were holding up the progress of the bill, although there was no denial of the truth of published reports of dissension in the committee.

The names of two members who in the height of the excitement expressed a desire to engage in personal combat are withheld by almost equally warlike spectators, but rumor links to the episode the names of two or more members who have disappeared from the outset the Glass-Owen bill. One member of the House committee, who evidently regarded the conference to-day as a farce, laughingly left the committee room with the comment:

"They are having the devil of a time in there. Two of the fellows almost got together just now when one said his Irish blood was getting hot up and another retorted 'the sooner it gets hot the better.'"

The two Democrats of fighting proclivities and Irish ancestry are reliably reported to-night to be Representatives Brown, of West Virginia, and Ragsdale, of South Carolina. The Irish temperament of Mr. Brown is said to have been warming up when Mr. Ragsdale expressed a willingness to see the process expedited.

The conference was discussing at the time a proposal of Mr. Wingo to make the meetings of the Democratic open, which Mr. Brown is understood to have opposed and which Mr. Ragsdale stoutly favored.

Chairman Glass has called a meeting of the full committee to-morrow. At this meeting the Lindbergh-Bulkeley resolution for "open sessions" probably will prevail.

All sessions of the committee for consideration of the bill will be open to the public. This was agreed upon to-day by the Democratic members.

SENATE ADDS \$5,000,000 TO TARIFF REVENUES

Bill Will Go to Upper House
Thursday and May Reach
President in September.

REPUBLICANS TRICKED

Democrats Get Possession of
Minority's Analysis of the
Measure and Are Gaining
Valuable Pointers.

[From The Tribune Bureau.]
Washington, July 8.—The Senate Finance Committee, resting from its labors of the last two months to-day went over the results it has achieved in revising the tariff bill and came to the conclusion that the measure will yield more revenue than was estimated by the House committee. The Senate committee figures that the corporation tax will yield \$27,000,000. The House counted on obtaining only \$20,000,000 from this source. The Senate committee estimates that the income tax will amount to \$69,625,000, taking into consideration the two months lost in 1913. The House estimated that the tax would amount normally to \$70,000,000 per annum. The Senate committee has made no estimate on the amount of revenue that will be raised in the form of customs duties, but it is confident that the bill as revised will yield approximately \$5,000,000 more than the tariff section of the House measure.

The Senate tariff pilots rested on their oars to-day while the work of the final revision of the bill for minor errors was in progress. It is expected that the final print will be ready for submission to the full committee and to the Senate on Thursday. Several days will be allowed the majority and minority leaders of the Finance Committee to make their reports. General debate will not begin until next week.

What perplexes the Senate leaders now is the problem of expediting debate. Democratic Senators are being urged to make their remarks as brief as possible and not to plunge into useless controversy with the Republicans. An effort will also be made to have the Senate meet early and sit late, that the plentiful supply of oratory may be exhausted as soon as possible. There is little hope, however, of having the bill ready for presentation to the President before the early part of September.

Senator Simmons, chairman of the Finance Committee, turned a trick on the Republican leaders to-day when he got his hands on a lengthy analysis of the Democratic tariff bill which had been prepared under the direction of Senator Smoot, pointing out what the Republicans claim are serious defects.

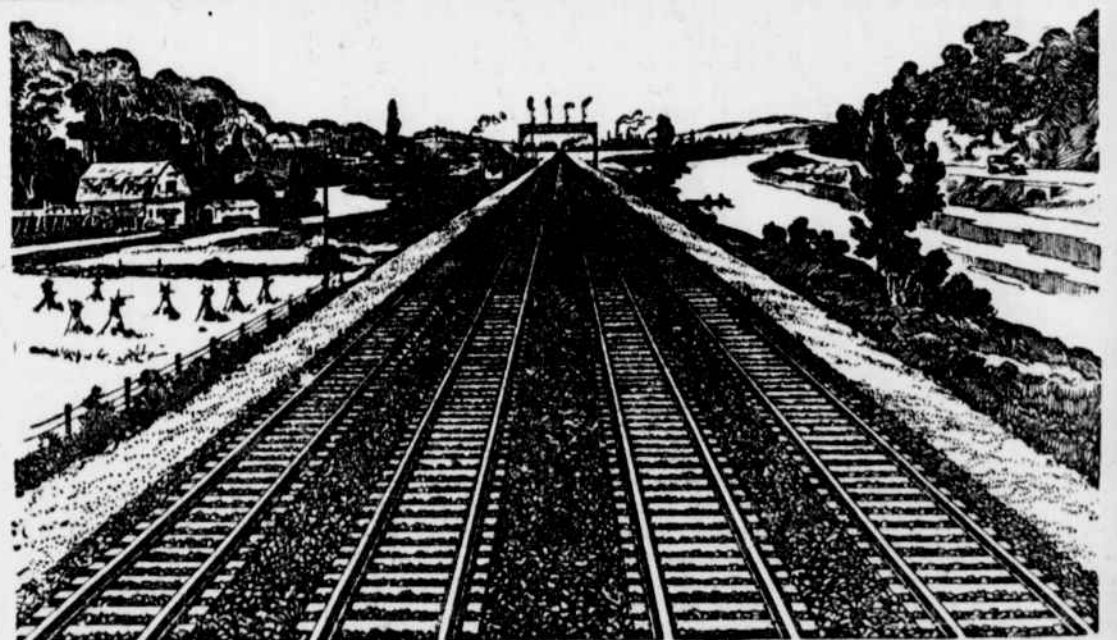
Senator Smoot had delayed for a month the introduction of the analysis, despite the insistence of Senator Simmons that it be printed. On the last day of the caucus Senator Smoot consented to send the document to the printer. But the Democrats have not yet printed their bill and have a day or two to make corrections and laugh at their opponents.

Knowing that the Republican document might contain valuable pointers, Senator Simmons directed the Finance sub-committees to go over their schedules to-day and pore over the Smoot analysis to check up with the sub-committees to-morrow.

PACKERS NOT TO BE TRIED

New Jersey Indictments Against
Twenty-seven Quashed.

The indictments found against twenty-seven meat and provision packers by the Hudson County Grand Jury February 2, 1910, were ordered quashed yesterday by Justice Swayne in Jersey City. The indictments were brought about by the investigation of former Governor Pierce Garvan, but Governor Fort refused to issue warrants of extradition, as the accused men live in Chicago and had been acquitted of similar charges in the federal court there.



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